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Message Text

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PAGE 01 GEORGE 00782 281931Z

63
ACTION ARA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-03 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 EB-07 COME-00 AGR-05 OMB-01 TRSE-00

FRB-03 XMB-02 CIEP-01 /092 W
---------- 093859
R 281800Z MAY 75
FM AMEMBASSY GEORGETOWN
TO SECSTATE WASHDC 1255
INFO AMEMBASSY BRIDGETOWN
AMEMBASSY KINGSTON
AMEMBASSY LONDON
AMEMBASSY PORT OF SPAIN

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E.O. 11652: N/A
TAGS: EINV, EAGR, GY
SUBJECT: GOG NATIONALIZES DEMRARA COMPANY

REF: GEORGETOWN 282

1. SUMMARY IN YET ANOTHER SYMBOLIC EVENT ON GUYANA'S INDEPENDENCE DAY (MAY 26), GOG OFFICIALLY NATIONALIZED THE FORMERLY JESSEL-OWNED DEMERARA COMPANY'S ASSETS. LARGEST HOLDINGS ARE TWO SUGAR ESTATES (AND FACTORIES) WHICH HAVE
BEEN INCORPORATED UNDER NEW
GOG-OWNED ENTITY (DEMRARA SUGAR COMPANY LIMITED). OTHER ASSETS IN-CLUDE LIQUOR DISTILLERY, RETAIL STORE, IMPORT HOUSE, OIL PALM ESTATE, AND 20 PERCENT SHARE IN DEMERARA SUGAR TERMINAL FACILITY (REMAINDER BEING OWNED BY BOOKERS). TAKEOVER WAS CONDUCTED IN MORE OR LESS BUSINESS LIKE MANNER WITHOUT BENEFIT OF TORCHLIGHT PARADE AND WITH MOST EXPLETIVES DELETED. END SUMMARY.

2. MAY 26, 1975 WILL BE NOTED AS ONE MORE OF FORBES BURNHAM'S
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PAGE 02 GEORGE 00782 281931Z

VESTING DAYS ON THE ROAD TO SOCIALISM. THE SOMEWHAT AILING AND

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OF LATE POORTLY MAINTAINED TRITISH-OWNED DEMERARA COMPANY HOLDINGS
WERE PURCHASED BY THE GOG FOR ABOUT 7. MILLION USDOLS (15 MILLION
GUYANA). ONE-THIRDPAYMENT IS TO BE MADE IMMEDIATELY IN CASH WITH
REMAINDER TO BE APID OUT IN INSTALLMENTS OVER TEN YEARS
AT 8.5 PERCENT INTEREST (AFTER WITTHOLDING TAX OF 25 PERCENT,
NET INTEREST WILL BE
6.35 PERCENT). NEGOTIATIONS HAD BEEN GOING ON BETWEEN THE GOG AND
JESSEL REPS, I.E; REPS OF JESSEL'S CREDITORS, SINCE BEGINNING OF
YEAR. JESSEL SECURITIES, WHICH IS IN PROCESS OF LIQUIDATION,
APPARENTLY QUITE SATISFIED WITH SETTLEMENT.

3. BURNHAM DEVOTED MOST OF INDEPENDENCE DAY SPEECH TO DETAILS OF
DEMERARA CO. NATIONALIZATION, BUT COULD NOT RPT NOT AVOID XENO-
PHOBIC REFERENCE TO GUYANA'S QUOTE ENEMIES AND DETRACTORS UNQUOTE
MEANKNG THE CAPITALIST WEST AND LOCAL NON-PNC ELEMENTS. BURNHAM
NOTED DEMERARA COMPANY OPERATING BELOW CAPACITY, AND ASSURED THAT
GOG WOULD CORRECT SCANDALOUS CONDITIONS OF WORKER HOUSING ON ESTATES.
IN FACT, DEMERARA COMPANY PRODUCING SUGAR AT LESS THAN 65 PERCENT
OF ITS RATED CAPACITY. AT FULL PRODUCTION, COMPANY HAS POTENTIAL
FOR 20-25 PERCENT OF NATIONAL SUGAR OUTPUT (OR ABOUT 80,000 LONG
TONS). BURNHAM ALSO INDICATED NEW DEMERARA SUGAR COMPANT WILL
TAKE ON ASPECTS OF CO-OPERATIVE ENTERPRISE. HE CITED WORKER
PARTICIPATION IN MANAGEMENT DECISIONS, SOCIAL DEVELOPMENT COMMITTEES,
AND CO-OPERATIVE SHOPS AS ACTIVITIES WHICH WILL BE CHARACTERISTIC
OF THE GOG'S LATEST ACQUISITION.

4. COMMENT: BURNHAM HAS APPARENTLY DECIDED TO GO IT ALONE ON
MANAGEMENT OF FORMER JESSEL SUGAR INTERESTS. NO RPT NO MENTION MADE
IN PRESS ABOUT BOOKER INVOLVEMENT IN RUNNING OF EITHER DIAMOND OR
LEONORA ESTATES. GOG HAS RETAINED JESSEL'S GUYANESE FINANCE
MANAGER, YESU PERSAUD,AS NEW COMPANY'S CHIEF EXECUTIVE OFFICER.
IT IS UNLIKELY, HOWEVER, THAT EXPATRIATE MANAGEMENT PERSONNEL
BE KEPT ON THE PAYROLL. PERSAUD IS PROBABLY THE HIGHEST RANKING
EAST INDIAN IN THE GOG-STATE ENTERPRISE STRUCTURE, AND HIS APPOINT-
MENT MAY BE GESTURE TO EMPLOYEES IN SUGAR INDUSTRY, VAST MAJORITY OF
WHOM AR EAST INDIAN. IF INDEEDSGOG CAN SUCCESSFULLY RUNDEMERARA
SUGAR COMPANY,ESPECIALLY ON CO-OPERATIVE BASIS, SUCH SUCCESS WILL
HASTEN NATIONALIZATION OF BOOKER INTERESTS IN GUYANA.
KREBS

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